JOE GQABI DISTRICT MUNICIPALITY

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

(Draft Annual Budget for Approval by Council)

30 March 2016

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Part 1 – Annual Budget

1.1 Mayor's Report

To be distributed during the Council meeting.

1.2 Council Resolutions

1. The Council of Joe Gqabi District Municipality, acting in terms of section 16 of the Local Government: Municipal Finance Management Act (MFMA), (Act 56 of 2003) tables:

    1.1. The annual budget of the municipality for the financial year 2016/17 and indicative allocations for the two projected outer years 2017/18 and 2018/19; and the multi-year and single-year capital appropriations as set out in the following tables:

        1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12;
        1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 13;
        1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 14; and
        1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15.

    1.2. The financial position, cash flow budget and cash-backed reserve/accumulated surplus are tabled as set out in the following tables:

        1.2.1. Budgeted Financial Position as contained in Table 16;
        1.2.2. Budgeted Cash Flows as contained in Table 17; and
        1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 23;

2. The revised Integrated Development Plan (IDP) is tabled as reflected in the agenda.

3. The Council of Joe Gqabi District Municipality, acting in terms of section 24(2)(c)(i) and (ii) of the MFMA, sections 74 and 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables the tariffs for the provision of water and sanitation.

4. The measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 be noted.

5. The Budget related policies including any amendments are tabled for the budget year 2016/17.

6. Change in treatment of the contribution made to Joe Gqabi Development Agency as recommended by the audit committee.

1.3 Executive Summary

This section contains an Executive Summary of the Joe Gqabi District Municipality's (JGDM) Budget followed by a more detailed explanation of its Operating and Capital components over the next three years.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No.78 and 79 was used to guide the compilation of the 2016/17MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope given the backlog in infrastructure maintenance;
- Wage increases is anticipated to exceed consumer inflation; and
- Affordability of capital projects – Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant, Water Services Operating Grant and Municipal Water Infrastructure Grant funding were allocated towards developing of new capital infrastructure assets; and
- Outstanding Service Level Agreements

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water, employee related costs and other costs drivers. In addition, tariffs need to move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- Working for Water and Department of Roads and Transports grants are not gazetted but have been included in the budget. All other grant funding, allocated has been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

SUMMARY OF INCOME AND EXPENDITURE				
	Adjustment budget 2015/16	Budget - 2016/2017	Budget - 2017/2018	Budget - 2018/2019
Total Revenue (excluding capital transfers and contributions)	425,999,497.00	413,626,084.56	389,263,800.03	409,649,561.86
Total Expenditure	483,938,007.00	504,652,291.15	519,185,905.44	543,178,758.86
Total Capital Revenue	242,314,000.00	261,663,000.00	311,689,000.00	317,537,000.00
Total Capital Expenditure	234,660,932.00	234,834,978.00	318,925,443.00	384,352,635.00
Surplus / (Deficit) - Total	-50,285,442.00	-64,198,184.59	-137,158,548.41	-200,344,832.00

Total Revenue has decreased by 0.3 percent or R12.373 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget.

Total operating expenditure for the 2016/17 financial year has been appropriated at R504.652 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has been increased by 4 percent in the 2015/16 Budget Year.

The capital budget of R234.835 million for 2016/17 is 10 percent more when compared to the 2015/16 Adjustment Budget.

1.4 Operating Revenue Framework

JGDM is heavily reliant on grants. The service charges are not making meaningful contribution to the revenue in the short-term. This should improve in the medium term.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

DC14 Joe Gqabi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	23,144	36,963	65,864	50,271	50,271	50,271	50,271	53,287	56,484	59,873
Service charges - sanitation revenue	2	5,031	7,324	18,131	12,010	12,010	12,010	12,010	12,731	13,494	14,304
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other		–	–	–	–		–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	–	–	–	–	–	–
Interest earned - external investments		3,143	3,240	3,901	3,368	3,368	3,368	3,368	3,368	3,577	3,788
Interest earned - outstanding debtors		1,392	4,379	5,808	2,704	2,704	2,704	2,704	2,866	3,038	3,221
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		1,758	2,929	–	112	112	112	112	119	119	119
Transfers recognised - operational		237,220	247,308	235,192	351,410	355,595	355,595	355,595	339,886	311,097	326,805
Other revenue	2	3,145	6,542	1,668	1,940	1,940	1,940	1,940	1,369	1,454	1,540
Gains on disposal of PPE		(55)	(24)	(72)	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		274,777	308,661	330,493	421,815	425,999	425,999	425,999	413,626	389,264	409,650

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Fig 1: Revenue by main revenue source

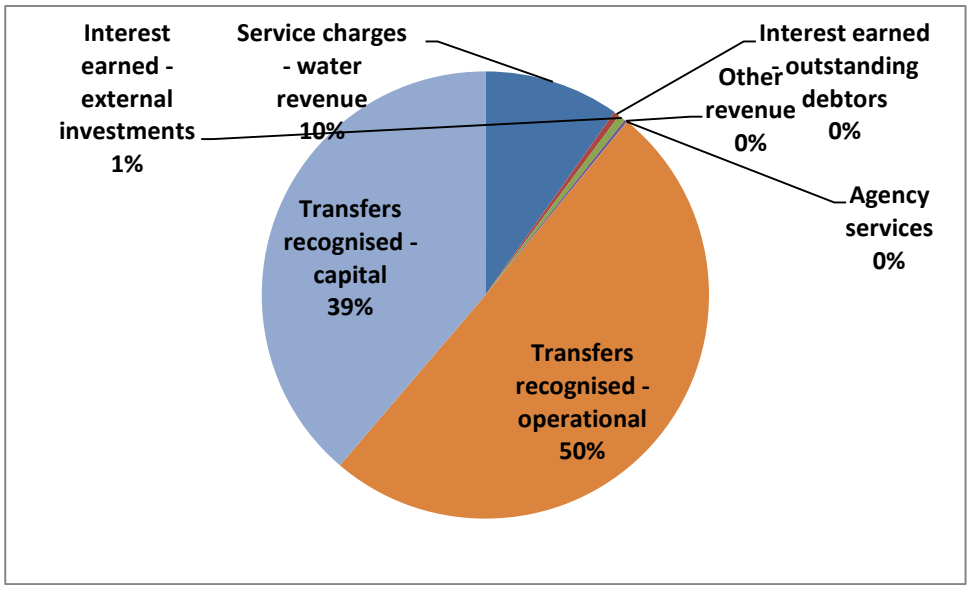

Interest earned - external investments 1%
Service charges - water revenue 10%
Interest earned - outstanding debtors 0%
Other revenue 0%
Agency services 0%
Transfers recognised - capital 39%
Transfers recognised - operational 50%

Table 3 Percentage growth in revenue by main revenue source

Description	Adjusted Budget 2015/16	Budget 2016/2017	Budget 2017/2018	Budget 2018/2019
Grants & Subsidies Received - Capital	242,314,000.00	261,663,000.00	311,689,000.00	317,537,000.00
Grants & Subsidies Received - Operational	355,594,621.00	339,886,000.00	311,097,000.00	326,804,948.00
Income for Agency Services	112,000.00	119,392.00	119,392.00	119,392.00
Interest Earned - External Investments	3,368,000.00	3,368,000.00	3,576,816.00	3,787,848.14
Interest Earned – Outstanding	2,704,072.00	2,866,316.32	3,038,295.30	3,220,593.02
Other Revenue	1,940,220.00	1,368,957.20	1,453,832.55	1,539,608.67
Nett Service charges	62,280,584.00	66,017,419.04	69,978,464.18	74,177,172.03
Service Charges	120,693,767.00	127,935,393.02	135,611,516.60	143,748,207.60
Less: Revenue Foregone	(58,413,183.00)	(61,917,973.98)	(65,633,052.42)	(69,571,035.56)
Grand Total	**668,313,497.00**	**675,289,084.56**	**700,952,800.03**	**727,186,561.86**

Operating grants and transfers total R 355.595 million in the 2015/16 Adjustment Budget and decreased to R 339.886 million in 2015/16.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

DC14 Joe Gqabi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	–	204,925	204,931	204,931	215,256	233,548	249,814
Local Government Equitable Share					194,848	194,848	194,848	209,607	224,702	240,509
Rural roads assets management systems gra					2,084	2,084	2,084	2,080	2,136	2,277
Rural households infrastructure grant					4,500	4,504	4,504	–	4,500	4,745
Municipal Systems Improvement					934	934	934	940	960	1,033
RSC Levy Replacement					–	–	–	–	–	–
Financial Management Grant					1,250	1,252	1,252	1,250	1,250	1,250
EPWP					1,309	1,309	1,309	1,379	–	–
Provincial Government:		–	–	–	658	658	658	112	800	–
Municipal Health Services					–	–	–	112	–	–
Local and Regional Economic Development (I						–	–	–	800	–
LED Capacity					358	358	358	–	–	–
Water services operating subsidy grant					300	300	300	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	48,621	40,400	40,400	43,476	45,651	48,304
DRAT					34,000	30,200	30,200	32,622	34,146	36,108
Working for Water/Wetlands					14,621	10,200	10,200	10,854	11,506	12,196
Total Operating Transfers and Grants	5	–	–	–	254,204	245,989	245,989	258,844	279,999	298,118
Capital Transfers and Grants										
National Government:		–	–	–	209,478	215,616	215,616	184,281	178,040	190,098
Municipal Infrastructure Grant (MIG)					169,469	170,995	170,995	154,270	160,712	170,367
Municipal Water Infrastructure Grant					20,009	20,009	20,009	25,011	7,328	7,731
Water Services Operating Subsidy Grant					10,000	14,612	14,612	5,000	10,000	12,000
Regional Bulk Infrastructure					10,000	10,000	10,000	–	–	–
					–	–	–	–	–	–
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Drought Relief										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	57,500	57,500	119,000	80,000	50,000
Department of Human Settlement					–	7,500	7,500	19,000	–	–
EasternCape Prvincial Government					–	50,000	50,000	100,000	80,000	50,000
Total Capital Transfers and Grants	5	–	–	–	209,478	273,116	273,116	303,281	258,040	240,098
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	463,682	519,105	519,105	562,125	538,039	538,216

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 percent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

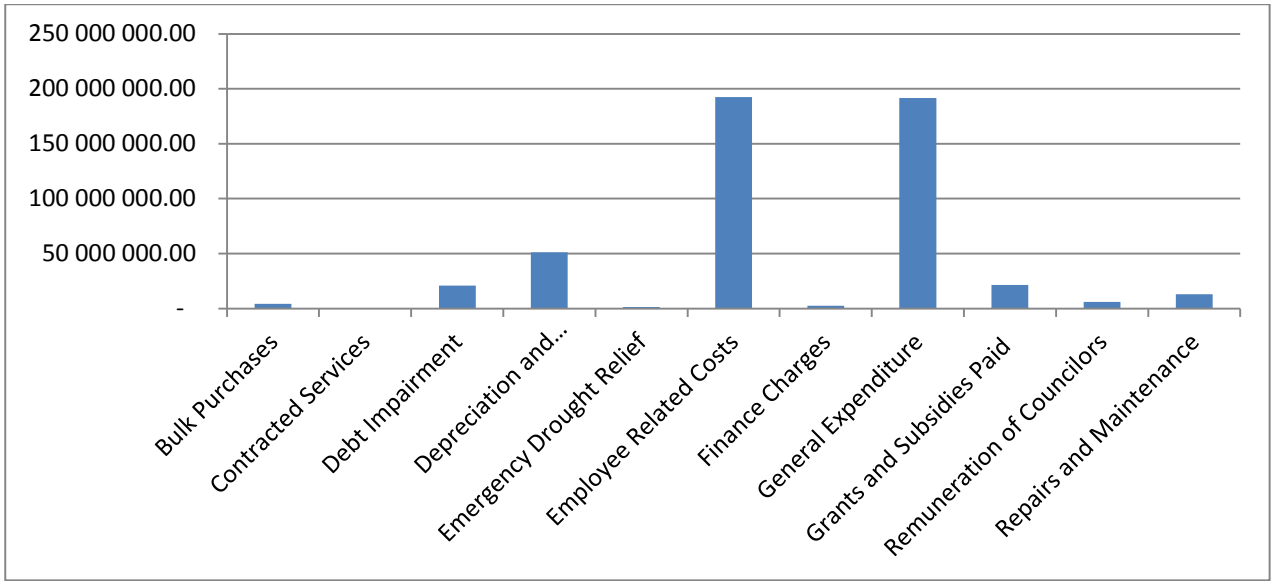
DC14 Joe Gqabi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs	2	107,442	128,170	153,749	179,963	179,418	179,418	179,418	192,580	204,246	216,209
Remuneration of councillors		4,298	5,022	5,263	6,031	6,031	6,031	6,031	6,034	6,335	6,652
Debt impairment	3	13,398	41,522	74,777	19,583	19,583	19,583	19,583	20,875	22,169	23,477
Depreciation & asset impairment	2	42,488	42,311	44,240	47,867	47,867	47,867	47,867	51,046	54,177	57,342
Finance charges		2,707	3,968	4,462	2,294	2,294	2,294	2,294	2,355	2,501	2,649
Bulk purchases	2	8,682	2,474	3,004	10,480	4,080	4,080	4,080	4,349	4,619	4,891
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		8,735	–	–	26,316	20,216	20,216	20,216	21,550	22,886	24,236
Other expenditure	4, 5	216,924	286,916	196,880	175,121	204,450	204,450	204,450	205,863	202,251	207,721
Loss on disposal of PPE		65	3,177	4,156	–	–	–	–	–	–	–
Total Expenditure		404,739	513,560	486,531	467,654	483,938	483,938	483,938	504,652	519,186	543,179

Table 6 Percentage growth in expenditure by main expenditure type

Description	Adjusted Budget 2015/16	Budget 2016/2017	Budget 2017/2018	Budget 2018/2019
Bulk Purchases	4,079,853.00	4,349,123.30	4,618,768.94	4,891,276.31
Contracted Services	-	-	-	
Debt Impairment	19,582,685.00	20,875,142.21	22,169,401.03	23,477,395.69
Depreciation and Amortisation	47,867,476.00	51,046,026.49	54,177,494.02	57,342,195.52
Emergency Drought Relief	1,280,000.00	1,364,480.00	1,449,077.76	1,534,573.35
Employee Related Costs	179,417,580.00	192,580,170.29	204,246,435.38	216,208,917.10
Finance Charges	2,293,887.00	2,355,349.36	2,501,381.03	2,648,962.51
General Expenditure	191,078,349.00	191,607,766.65	187,112,117.79	191,689,464.99
Grants and Subsidies Paid	20,215,790.00	21,550,032.14	22,886,134.13	24,236,416.05
Remuneration of Councilors	6,030,580.00	6,033,786.45	6,335,475.42	6,652,249.84
Repairs and Maintenance	12,091,807.00	12,890,414.26	13,689,619.95	14,497,307.52
Total	483,938,007.00	504,652,291.15	519,185,905.44	543,178,758.86

Fig 2: Expenditure by major type



The budgeted allocation for employee related costs for the 2016/17 financial year totals R192.580 million, which equals 38 percent of the total operating expenditure. The SALGBC has yet to agree on the salary increment for 2016/17. The municipality has budget 7 percent as per circular, plus an additional .2 percent notch increment for the 2017/18 financial year. As part of the Municipality's cost reprioritization and cash management strategy uncritical vacancies have been frozen until adequate funding has been sourced.
The total increase includes the annual increase and budget for critical positions identified.

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget and was also incremented by 6 percent for the 2016/17 financial year.

The provision of debt impairment was determined based on Annual Financial Statements for the year ended June 2015 and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R 20.875 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

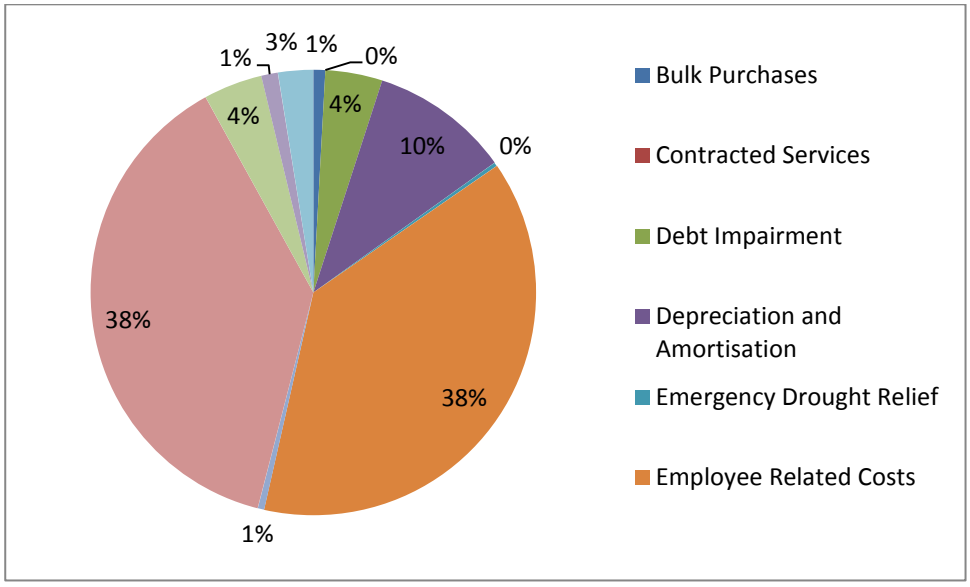
Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 51.046 million for the 2016/17 financial year and equates to 10 percent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make (R2.355 million) of operating expenditure excluding annual redemption for 2016/17 financial year.

Bulk Purchases are allocated R4.349 million for 2016/17 financial year.

Repairs and Maintenance allocation is R12.890 million (excluding the employee costs of departments responsible for repairs and maintenance) for the 2016/17 financial year. The portion reflective as repairs and maintenance is only 3% of total operational expenditure, however bulk of the cost associated with repairs and maintenance

Fig 3: Expenditure by major type – 2015/16



Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The qualifying indigents will be provided with 6kl of water per month

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 7 2015/16 Medium-term capital budget per vote

DC14 Joe Gqabi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		93,386	99,610	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	93,386	99,610	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - MANAGEMENT SERVICES		879	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCIAL SERVICES		55	22	–	200	200	200	200	500	–	–
Vote 3 - CORPORATE SERVICES		560	412	–	2,475	2,375	2,375	2,375	7,096	–	–
Vote 4 - TECHNICAL SERVICES		–	–	–	226,986	217,437	217,437	217,437	227,239	318,925	384,353
Vote 5 - COMMUNITY SERVICES		232	169	–	5,000	5,000	5,000	5,000	–	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		1,726	602	–	234,661	225,012	225,012	225,012	234,835	318,925	384,353
Total Capital Expenditure - Vote		95,112	100,213	–	234,661	225,012	225,012	225,012	234,835	318,925	384,353
Capital Expenditure - Standard											
Governance and administration		1,494	434	–	2,675	2,575	2,575	2,575	7,596	–	–
Executive and council		879			–	–	–	–	–	–	–
Budget and treasury office		55	22		200	200	200	200	–	–	–
Corporate services		560	412		2,475	2,375	2,375	2,375	7,596	–	–
Community and public safety		232	169	–	5,000	5,000	5,000	5,000	–	–	–
Community and social services		232	169		–	–	–	–	–	–	–
Sport and recreation					–	–	–	–	–	–	–
Public safety					5,000	5,000	5,000	5,000	–	–	–
Housing					–	–	–	–	–	–	–
Health					–	–	–	–	–	–	–
Economic and environmental services		–	35	–	–	–	–	–	–	–	–
Planning and development					–	–	–	–	–	–	–
Road transport			35		–	–	–	–	–	–	–
Environmental protection					–	–	–	–	–	–	–
Trading services		93,386	99,575	–	226,986	217,437	217,437	217,437	227,239	318,925	384,353
Electricity					–	–	–	–	–	–	–
Water		93,386	75,025		170,258	176,989	176,989	176,989	97,741	156,620	179,616
Waste water management		–			56,728	40,447	40,447	40,447	129,498	162,305	204,737
Waste management			24,550		–	–	–	–	–	–	–
Other					–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	95,112	100,213	–	234,661	225,012	225,012	225,012	234,835	318,925	384,353
Funded by:											
National Government		93,386	99,610		91,795	136,053	136,053	136,053	181,663	261,761	317,537
Provincial Government						2,000	2,000	2,000	80,000	50,000	–
District Municipality											
Other transfers and grants		1,726									
Transfers recognised - capital	4	95,112	99,610	–	91,795	138,053	138,053	138,053	261,663	311,761	317,537
Public contributions & donations	5		0								
Borrowing	6				–	15,000	15,000	15,000	–	–	–
Internally generated funds		0	602		26,787	71,959	71,959	71,959	7,596	–	–
Total Capital Funding	7	95,112	100,213	–	118,582	225,012	225,012	225,012	269,259	311,761	317,537

For 2016/17 an amount of R 227.239million has been appropriated for the development of infrastructure within Technical Services which represents 84 percent of the total capital budget. Water and Sanitation infrastructure receives the highest allocation.

1.7 Annual Budget Tables

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 8 MBRR NT A1 - Budget Summary

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality successfully managed to restore its financial viability and consequently its obligations are cash-backed.

Table 8 MBRR NT A1 - Budget Summary

DC14 Joe Gqabi - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	28,175	44,287	83,995	62,281	62,281	62,281	62,281	66,017	69,978	74,177
Investment revenue	3,143	3,240	3,901	3,368	3,368	3,368	3,368	3,368	3,577	3,788
Transfers recognised - operational	237,220	247,308	235,192	351,410	355,595	355,595	355,595	339,886	311,097	326,805
Other own revenue	6,240	13,827	7,404	4,756	4,756	4,756	4,756	4,355	4,612	4,880
Total Revenue (excluding capital transfers and contributions)	274,777	308,661	330,493	421,815	425,999	425,999	425,999	413,626	389,264	409,650
Employee costs	107,442	128,170	153,749	179,963	179,418	179,418	179,418	192,580	204,246	216,209
Remuneration of councillors	4,298	5,022	5,263	6,031	6,031	6,031	6,031	6,034	6,335	6,652
Depreciation & asset impairment	42,488	42,311	44,240	47,867	47,867	47,867	47,867	51,046	54,177	57,342
Finance charges	2,707	3,968	4,462	2,294	2,294	2,294	2,294	2,355	2,501	2,649
Materials and bulk purchases	8,682	2,474	3,004	10,480	4,080	4,080	4,080	4,349	4,619	4,891
Transfers and grants	8,735	–	–	26,316	20,216	20,216	20,216	21,550	22,886	24,236
Other expenditure	230,387	331,616	275,813	194,704	224,033	224,033	224,033	226,738	224,420	231,199
Total Expenditure	404,739	513,560	486,531	467,654	483,938	483,938	483,938	504,652	519,186	543,179
Surplus/(Deficit)	(129,962)	(204,899)	(156,039)	(45,839)	(57,939)	(57,939)	(57,939)	(91,026)	(129,922)	(133,529)
Transfers recognised - capital	178,733	191,525	209,242	238,814	242,314	242,314	242,314	261,663	311,689	317,537
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	48,770	(13,374)	53,204	192,975	184,375	184,375	184,375	170,637	181,767	184,008
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	48,770	(13,374)	53,204	192,975	184,375	184,375	184,375	170,637	181,767	184,008
Capital expenditure & funds sources										
Capital expenditure	95,112	100,213	–	234,661	225,012	225,012	225,012	234,835	318,925	384,353
Transfers recognised - capital	95,112	99,610	–	91,795	138,053	138,053	138,053	261,663	311,761	317,537
Public contributions & donations	–	0	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	15,000	15,000	15,000	–	–	–
Internally generated funds	0	602	–	26,787	71,959	71,959	71,959	7,596	–	–
Total sources of capital funds	95,112	100,213	–	118,582	225,012	225,012	225,012	269,259	311,761	317,537
Financial position										
Total current assets	94,098	69,378	68,234	87,350	38,148	38,148	38,148	83,258	92,682	85,200
Total non current assets	1,232,839	1,288,280	1,366,838	1,479,021	1,481,979	1,481,979	1,481,979	1,692,596	1,950,227	2,210,122
Total current liabilities	75,616	118,106	115,040	36,770	56,501	56,501	56,501	179,391	264,630	333,744
Total non current liabilities	32,510	34,115	47,284	72,173	73,813	73,813	73,813	36,013	36,063	35,564
Community wealth/Equity	1,218,811	1,205,438	1,272,749	1,457,428	1,389,813	1,389,813	1,389,813	1,560,450	1,742,217	1,926,014
Cash flows										
Net cash from (used) operating	101,449	114,465	117,834	229,066	185,624	185,624	185,624	305,564	312,115	360,199
Net cash from (used) investing	(94,743)	(100,307)	(127,026)	(234,661)	(225,012)	(225,012)	(225,012)	(234,835)	(318,925)	(384,353)
Net cash from (used) financing	(229)	219	4,761	21,399	21,399	21,399	21,399	(40,156)	(1,852)	(2,491)
Cash/cash equivalents at the year end	23,846	38,223	33,792	20,974	15,804	15,804	15,804	46,377	37,714	11,070
Cash backing/surplus reconciliation										
Cash and investments available	26,943	41,418	37,081	24,376	19,093	19,093	19,093	49,666	41,124	14,179
Application of cash and investments	41,533	89,118	77,991	(26,946)	15,038	15,038	15,038	131,485	208,522	268,871
Balance - surplus (shortfall)	(14,590)	(47,699)	(40,910)	51,322	4,055	4,055	4,055	(81,819)	(167,398)	(254,692)
Asset management										
Asset register summary (WDV)	5,444	4,829	4,482	6,240	6,240	6,240	6,206	6,206	6,046	5,886
Depreciation & asset impairment	42,488	42,311	44,240	47,867	47,867	47,867	51,046	51,046	54,177	57,342
Renewal of Existing Assets	95,112	100,213	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	13,695	25,468	–	58,413	58,413	58,413	58,413	58,413	61,918	65,633
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Finance and Asset Management.

Table 9 MBRR NT A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC14 Joe Gqabi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
Governance and administration		173,295	188,416	286,931	288,734	288,734	293,659	305,533	331,361	355,106
Executive and council		4,104	5,073	5,490	6,800	6,800	2,800	6,000	6,372	6,748
Budget and treasury office		168,773	182,863	280,182	281,434	281,434	290,757	299,533	324,989	348,358
Corporate services		418	479	1,258	500	500	102	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		236,492	218,280	204,229	222,695	226,880	381,959	200,983	177,216	187,168
Planning and development		1,201	–	–	–	–	–	–	–	–
Road transport		205,010	196,945	199,980	211,729	211,729	373,867	189,358	165,591	175,543
Environmental protection		30,281	21,335	4,249	10,966	15,151	8,093	11,625	11,625	11,625
Trading services		43,723	93,491	48,575	149,200	152,700	106,553	168,773	192,375	184,912
Electricity		–	–	–	–	–	–	–	–	–
Water		36,787	80,382	44,426	149,200	149,200	104,645	151,828	134,400	123,400
Waste water management		6,936	13,109	4,149	–	3,500	1,908	16,945	57,975	61,512
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	453,510	500,187	539,735	660,629	668,313	782,172	675,289	700,953	727,187
Expenditure - Standard										
Governance and administration		71,321	86,342	157,063	151,265	155,814	152,202	177,876	185,886	197,322
Executive and council		21,766	30,873	32,719	37,831	39,558	33,993	44,186	46,925	49,694
Budget and treasury office		21,343	21,888	82,190	66,297	68,345	60,819	72,922	77,621	82,392
Corporate services		28,212	33,581	42,154	47,137	47,912	57,390	60,768	61,339	65,236
Community and public safety		9,743	15,775	13,851	14,087	14,562	19,044	15,570	15,570	15,570
Community and social services		1,654	5,761	2,911	2,208	2,228	2,806	2,384	2,384	2,384
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		8,089	10,014	10,940	11,879	12,333	16,238	13,186	13,186	13,186
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		177,481	180,418	141,862	149,646	165,356	172,426	153,579	144,312	145,965
Planning and development		4,146	1	–	–	–	0	–	–	–
Road transport		146,577	155,283	125,639	126,614	139,295	139,236	130,283	121,016	122,668
Environmental protection		26,758	25,134	16,223	23,032	26,061	33,190	23,296	23,296	23,297
Trading services		146,195	231,025	173,755	152,656	148,206	374,182	158,242	168,733	179,418
Electricity		–	–	–	–	–	–	–	–	–
Water		125,739	196,932	128,997	132,225	125,284	349,095	133,128	141,996	151,033
Waste water management		20,456	34,092	44,758	20,431	22,922	25,087	25,114	26,737	28,385
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	404,739	513,560	486,531	467,654	483,938	717,854	505,267	514,502	538,275
Surplus/(Deficit) for the year		48,770	(13,374)	53,204	192,975	184,375	64,317	170,022	186,451	188,911

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 10 MBRR NT A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC14 Joe Gqabi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - MANAGEMENT SERVICES		5,305	5,073	5,490	6,800	6,800	2,800	6,000	6,372	6,748
Vote 2 - FINANCIAL SERVICES		168,773	182,863	280,182	281,434	281,434	290,757	299,533	324,989	348,358
Vote 3 - CORPORATE SERVICES		418	479	1,258	500	500	102	–	–	–
Vote 4 - TECHNICAL SERVICES		248,733	290,436	248,555	360,929	364,429	480,420	358,131	357,966	360,455
Vote 5 - COMMUNITY SERVICES		30,281	21,335	4,249	10,966	15,151	8,093	11,625	11,625	11,625
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	453,510	500,187	539,735	660,629	668,313	782,172	675,289	700,953	727,187
Expenditure by Vote *to be appropriated*	1									
Vote 1 - MANAGEMENT SERVICES		24,093	30,874	32,719	37,831	39,558	33,994	44,186	46,925	49,694
Vote 2 - FINANCIAL SERVICES		21,343	21,888	82,190	66,297	68,345	60,819	72,922	77,621	82,392
Vote 3 - CORPORATE SERVICES		28,212	33,581	42,154	47,137	47,912	57,390	60,768	61,339	65,236
Vote 4 - TECHNICAL SERVICES		292,772	385,478	286,723	263,986	277,667	503,241	278,033	278,582	290,233
Vote 5 - COMMUNITY SERVICES		38,319	41,740	42,746	52,403	50,457	62,411	49,359	50,034	50,720
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	404,739	513,560	486,531	467,654	483,938	717,854	505,267	514,502	538,275
Surplus/(Deficit) for the year	2	48,770	(13,374)	53,204	192,975	184,375	64,317	170,022	186,451	188,911

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R675.286 million in 2016/17.
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 11 MBRR NT A4 - Budgeted Financial Performance (revenue and expenditure)

DC14 Joe Gqabi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	23,144	36,963	65,864	50,271	50,271	50,271	50,271	53,287	56,484	59,873
Service charges - sanitation revenue	2	5,031	7,324	18,131	12,010	12,010	12,010	12,010	12,731	13,494	14,304
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other		–	–	–	–		–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	–	–	–	–	–	–
Interest earned - external investments		3,143	3,240	3,901	3,368	3,368	3,368	3,368	3,368	3,577	3,788
Interest earned - outstanding debtors		1,392	4,379	5,808	2,704	2,704	2,704	2,704	2,866	3,038	3,221
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		1,758	2,929	–	112	112	112	112	119	119	119
Transfers recognised - operational		237,220	247,308	235,192	351,410	355,595	355,595	355,595	339,886	311,097	326,805
Other revenue	2	3,145	6,542	1,668	1,940	1,940	1,940	1,940	1,369	1,454	1,540
Gains on disposal of PPE		(55)	(24)	(72)	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		274,777	308,661	330,493	421,815	425,999	425,999	425,999	413,626	389,264	409,650
Expenditure By Type											
Employee related costs	2	107,442	128,170	153,749	179,963	179,418	179,418	179,418	192,580	204,246	216,209
Remuneration of councillors		4,298	5,022	5,263	6,031	6,031	6,031	6,031	6,034	6,335	6,652
Debt impairment	3	13,398	41,522	74,777	19,583	19,583	19,583	19,583	20,875	22,169	23,477
Depreciation & asset impairment	2	42,488	42,311	44,240	47,867	47,867	47,867	47,867	51,046	54,177	57,342
Finance charges		2,707	3,968	4,462	2,294	2,294	2,294	2,294	2,355	2,501	2,649
Bulk purchases	2	8,682	2,474	3,004	10,480	4,080	4,080	4,080	4,349	4,619	4,891
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		8,735	–	–	26,316	20,216	20,216	20,216	21,550	22,886	24,236
Other expenditure	4, 5	216,924	286,916	196,880	175,121	204,450	204,450	204,450	205,863	202,251	207,721
Loss on disposal of PPE		65	3,177	4,156	–	–	–	–	–	–	–
Total Expenditure		404,739	513,560	486,531	467,654	483,938	483,938	483,938	504,652	519,186	543,179
Surplus/(Deficit)		(129,962)	(204,899)	(156,039)	(45,839)	(57,939)	(57,939)	(57,939)	(91,026)	(129,922)	(133,529)
Transfers recognised - capital		178,733	191,525	209,242	238,814	242,314	242,314	242,314	261,663	311,689	317,537
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–								
Surplus/(Deficit) after capital transfers & contributions		48,770	(13,374)	53,204	192,975	184,375	184,375	184,375	170,637	181,767	184,008
Taxation		–	–	–							
Surplus/(Deficit) after taxation		48,770	(13,374)	53,204	192,975	184,375	184,375	184,375	170,637	181,767	184,008
Attributable to minorities		–	–	–							
Surplus/(Deficit) attributable to municipality		48,770	(13,374)	53,204	192,975	184,375	184,375	184,375	170,637	181,767	184,008
Share of surplus/ (deficit) of associate	7	–	–	–							
Surplus/(Deficit) for the year		48,770	(13,374)	53,204	192,975	184,375	184,375	184,375	170,637	181,767	184,008

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R234.835 million for the 2016/17 financial year.
4. Multi-year capital expenditure has been appropriated at million R0 for the 2016/17 financial year.
5. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year.
6. The capital programme is funded from capital and national and provincial grants and external loans. For 2016/17, capital transfers totals R269.259million.

Table 12 MBRR NT A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC14 Joe Gqabi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		93,386	99,610	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	93,386	99,610	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - MANAGEMENT SERVICES		879	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCIAL SERVICES		55	22	–	200	200	200	200	500	–	–
Vote 3 - CORPORATE SERVICES		560	412	–	2,475	2,375	2,375	2,375	7,096	–	–
Vote 4 - TECHNICAL SERVICES		–	–	–	226,986	217,437	217,437	217,437	227,239	318,925	384,353
Vote 5 - COMMUNITY SERVICES		232	169	–	5,000	5,000	5,000	5,000	–	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		1,726	602	–	234,661	225,012	225,012	225,012	234,835	318,925	384,353
Total Capital Expenditure - Vote		95,112	100,213	–	234,661	225,012	225,012	225,012	234,835	318,925	384,353
Capital Expenditure - Standard											
Governance and administration		1,494	434	–	2,675	2,575	2,575	2,575	7,596	–	–
Executive and council		879			–	–	–	–	–	–	–
Budget and treasury office		55	22		200	200	200	200	–	–	–
Corporate services		560	412		2,475	2,375	2,375	2,375	7,596	–	–
Community and public safety		232	169	–	5,000	5,000	5,000	5,000	–	–	–
Community and social services		232	169		–	–	–	–	–	–	–
Sport and recreation					–	–	–	–	–	–	–
Public safety					5,000	5,000	5,000	5,000	–	–	–
Housing					–	–	–	–	–	–	–
Health					–	–	–	–	–	–	–
Economic and environmental services		–	35	–	–	–	–	–	–	–	–
Planning and development					–	–	–	–	–	–	–
Road transport			35		–	–	–	–	–	–	–
Environmental protection					–	–	–	–	–	–	–
Trading services		93,386	99,575	–	226,986	217,437	217,437	217,437	227,239	318,925	384,353
Electricity					–	–	–	–	–	–	–
Water		93,386	75,025		170,258	176,989	176,989	176,989	97,741	156,620	179,616
Waste water management		–			56,728	40,447	40,447	40,447	129,498	162,305	204,737
Waste management			24,550		–	–	–	–	–	–	–
Other					–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	95,112	100,213	–	234,661	225,012	225,012	225,012	234,835	318,925	384,353
Funded by:											
National Government		93,386	99,610		91,795	136,053	136,053	136,053	181,663	261,761	317,537
Provincial Government						2,000	2,000	2,000	80,000	50,000	–
District Municipality											
Other transfers and grants		1,726									
Transfers recognised - capital	4	95,112	99,610	–	91,795	138,053	138,053	138,053	261,663	311,761	317,537
Public contributions & donations	5		0								
Borrowing	6				–	15,000	15,000	15,000	–	–	–
Internally generated funds		0	602		26,787	71,959	71,959	71,959	7,596	7,164	66,816
Total Capital Funding	7	95,112	100,213	–	118,582	225,012	225,012	225,012	269,259	318,925	384,353

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 MBRR NT A6 - Budgeted Financial Position

DC14 Joe Gqabi - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		10,437	3,130	(2,128)	3,505	11,651	11,651	11,651	12,028	7,025	8,619
Call investment deposits	1	13,408	35,093	35,920	17,469	4,153	4,153	4,153	34,349	30,689	2,451
Consumer debtors	1	12,255	16,524	25,643	52,808	8,200	8,200	8,200	25,211	43,201	62,292
Other debtors		7,744	6,991	4,908	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Current portion of long-term receivables		48,547	4,622								
Inventory	2	1,707	3,018	3,891	3,568	4,144	4,144	4,144	1,670	1,767	1,837
Total current assets		94,098	69,378	68,234	87,350	38,148	38,148	38,148	83,258	92,682	85,200
Non current assets											
Long-term receivables		–	–								
Investments		3,097	3,195	3,289	3,402	3,289	3,289	3,289	3,289	3,409	3,109
Investment property		2,666	2,621	2,575	2,894	2,894	2,894	2,894	2,894	2,894	2,894
Investment in Associate		–	–								
Property, plant and equipment	3	1,224,298	1,280,256	1,359,066	1,469,379	1,472,449	1,472,449	1,472,449	1,683,100	1,940,772	2,201,127
Agricultural		–	–								
Biological		–	–								
Intangible		2,777	2,208	1,907	3,346	3,346	3,346	3,346	3,312	3,152	2,992
Other non-current assets		–	–								
Total non current assets		1,232,839	1,288,280	1,366,838	1,479,021	1,481,979	1,481,979	1,481,979	1,692,596	1,950,227	2,210,122
TOTAL ASSETS		1,326,937	1,357,658	1,435,072	1,566,371	1,520,127	1,520,127	1,520,127	1,775,854	2,042,910	2,295,322
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–								
Borrowing	4	571	1,280	3,214	1,350	1,392	1,392	1,392	591	490	447
Consumer deposits		–	–	869	1,250	1,042	1,042	1,042	1,042	1,042	1,042
Trade and other payables	4	60,050	98,562	88,641	4,153	24,050	24,050	24,050	147,740	233,080	302,237
Provisions		14,994	18,263	22,316	30,017	30,017	30,017	30,017	30,017	30,017	30,017
Total current liabilities		75,616	118,106	115,040	36,770	56,501	56,501	56,501	179,391	264,630	333,744
Non current liabilities											
Borrowing		6,099	5,654	15,464	42,723	42,723	42,723	42,723	5,723	6,473	6,674
Provisions		26,411	28,462	31,820	29,450	31,090	31,090	31,090	30,290	29,590	28,890
Total non current liabilities		32,510	34,115	47,284	72,173	73,813	73,813	73,813	36,013	36,063	35,564
TOTAL LIABILITIES		108,125	152,221	162,324	108,943	130,314	130,314	130,314	215,404	300,693	369,308
NET ASSETS	5	1,218,811	1,205,438	1,272,749	1,457,428	1,389,813	1,389,813	1,389,813	1,560,450	1,742,217	1,926,014
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1,218,811	1,205,438	1,272,749	1,457,428	1,389,813	1,389,813	1,389,813	1,560,450	1,742,217	1,926,014
Reserves	4	–	–	–	–	–	–	–	–	–	–
		–	–								
TOTAL COMMUNITY WEALTH/EQUITY	5	1,218,811	1,205,438	1,272,749	1,457,428	1,389,813	1,389,813	1,389,813	1,560,450	1,742,217	1,926,014

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 14 MBRR NT A7 - Budgeted Cash Flow Statement

DC14 Joe Gqabi - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges			–						–	–	–
Service charges		31,916	23,348	31,886	31,140	31,140	31,140	31,140	30,998	32,858	34,829
Other revenue		–	–		2,052	2,052	2,052	2,052	1,488	1,573	1,659
Government - operating	1	303,050	335,324	235,192	345,410	349,595	349,595	349,595	339,886	311,097	326,805
Government - capital	1	105,090	106,144	195,560	238,814	242,314	242,314	242,314	261,663	311,689	317,537
Interest		4,535	7,619	9,709	6,072	6,072	6,072	6,072	3,368	3,577	3,788
Dividends									–	–	–
Payments											
Suppliers and employees		(330,092)	(354,119)	(350,874)	(363,998)	(412,124)	(412,124)	(412,124)	(307,934)	(323,291)	(297,533)
Finance charges		(764)	(721)	(852)	(2,294)	(2,294)	(2,294)	(2,294)	(2,355)	(2,501)	(2,649)
Transfers and Grants	1	(12,286)	(3,129)	(2,787)	(28,131)	(31,131)	(31,131)	(31,131)	(21,550)	(22,886)	(24,236)
NET CASH FROM/(USED) OPERATING ACTIVITIES		101,449	114,465	117,834	229,066	185,624	185,624	185,624	305,564	312,115	360,199
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		150	(100,213)						–	–	–
Decrease (Increase) in non-current debtors		–	–						–	–	–
Decrease (increase) other non-current receivables		–	–						–	–	–
Decrease (increase) in non-current investments		117	(94)	(94)					–	–	–
Payments											
Capital assets		(95,009)		(126,932)	(234,661)	(225,012)	(225,012)	(225,012)	(234,835)	(318,925)	(384,353)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(94,743)	(100,307)	(127,026)	(234,661)	(225,012)	(225,012)	(225,012)	(234,835)	(318,925)	(384,353)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing		–		4,727	22,500	22,500	22,500	22,500	–	–	–
Increase (decrease) in consumer deposits		171	664	34	249	249	249	249	–	–	–
Payments											
Repayment of borrowing		(399)	(445)		(1,350)	(1,350)	(1,350)	(1,350)	(40,156)	(1,852)	(2,491)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(229)	219	4,761	21,399	21,399	21,399	21,399	(40,156)	(1,852)	(2,491)
NET INCREASE/ (DECREASE) IN CASH HELD		6,478	14,377	(4,431)	15,804	(17,988)	(17,988)	(17,988)	30,573	(8,662)	(26,645)
Cash/cash equivalents at the year begin:	2	17,368	23,846	38,223	5,170	33,792	33,792	33,792	15,804	46,377	37,714
Cash/cash equivalents at the year end:	2	23,846	38,223	33,792	20,974	15,804	15,804	15,804	46,377	37,714	11,070

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor and/or MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

2.2.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, financial modelling to ensure affordability and long-term financial sustainability, was undertaken. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth.
- Policy priorities and strategic objectives.
- Asset maintenance.
- Economic climate and trends (i.e inflation, tariff increases, household debt).
- The approved 2015/16 adjustments budget and performance against the SDBIP.
- Cash Flow Management Strategy.
- Debtor payment levels.
- Loan and investment possibilities.
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 66 has been taken into consideration in the planning and prioritisation process.

2.2.2 Community Consultation

The draft 2014/15 MTREF was tabled before Council for community consultation. Thereafter it was published on the municipality's website, and hard copies made available at, municipal notice boards and various municipal offices.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process in April 2014.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF

2.3 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

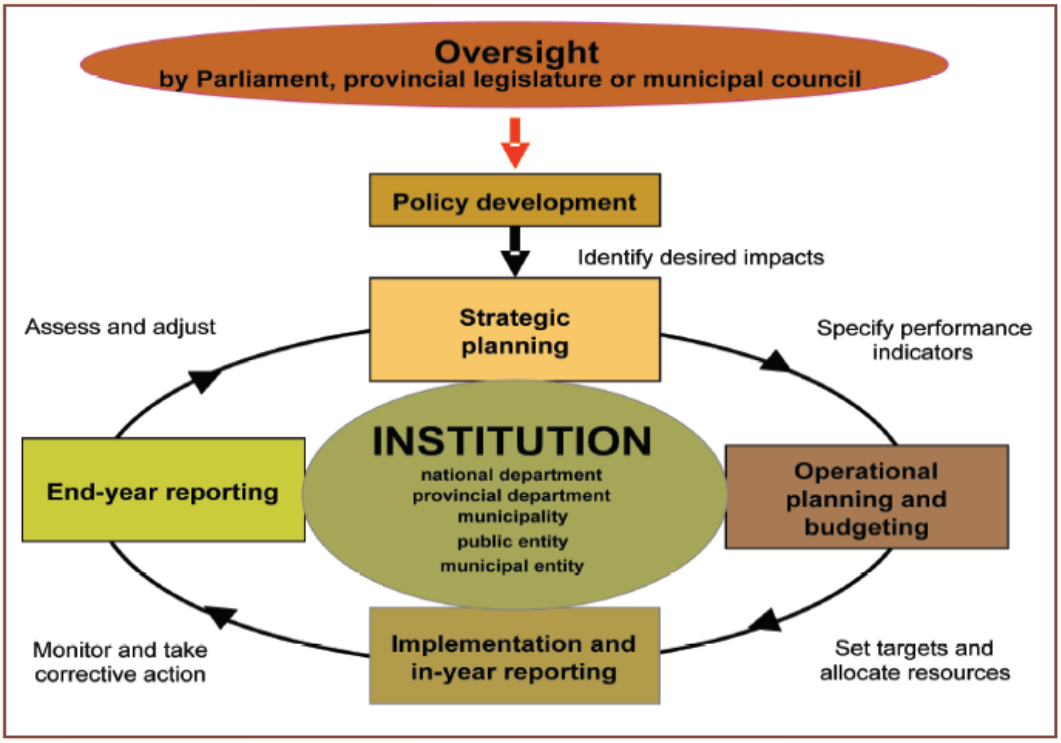
The identification of strategic focus areas which informed the preparation of the IDP and Budget is based on the six key performance areas contained in the 5 Year Local Government Strategic Agenda which are:

- Spatial rationale and analysis.
- Institutional development and transformation.
- Local economic development.
- Infrastructure and service delivery.
- Good governance.
- Financial viability.

2.4 Measurable performance objectives and indicators

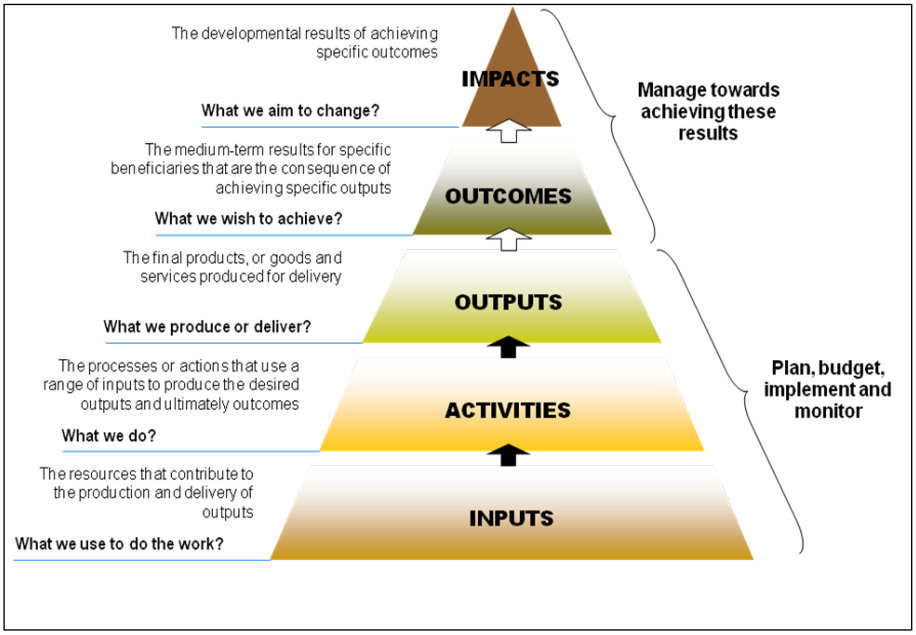
Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations.

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:


The developmental results of achieving specific outcomes
IMPACTS
What we aim to change?
The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs
OUTCOMES
What we wish to achieve?
The final products, or goods and services produced for delivery
OUTPUTS
What we produce or deliver?
The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes
ACTIVITIES
What we do?
The resources that contribute to the production and delivery of outputs
INPUTS
What we use to do the work?
Manage towards achieving these results
Plan, budget, implement and monitor

The following table sets out the municipality's main performance objectives and benchmarks for the 2015/16 MTREF.

Table 15 MBRR NT SA8 – Performance indicators and benchmarks

DC14 Joe Gqabi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	8.4%	0.8%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.3%	7.2%	4.7%	5.2%	5.2%	5.2%	5.2%	57.6%	5.6%	6.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	15.7%	25.9%	25.9%	25.9%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.2	0.6	0.6	2.4	0.7	0.7	0.7	0.5	0.4	0.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	0.6	0.6	2.4	0.7	0.7	0.7	0.5	0.4	0.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.3	0.3	0.6	0.3	0.3	0.3	0.3	0.1	0.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		113.3%	52.7%	38.0%	50.0%	50.0%	50.0%	50.0%	47.0%	47.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		113.3%	52.7%	38.0%	50.0%	50.0%	50.0%	50.0%	47.0%	47.0%	47.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	24.9%	9.1%	9.2%	14.9%	4.3%	4.3%	4.3%	8.5%	13.7%	17.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		189.6%	169.8%	234.8%	0.0%	125.9%	125.9%	125.9%	0.0%	0.0%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.1%	41.5%	46.5%	42.7%	42.1%	42.1%	42.1%	46.6%	52.5%	52.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.4%	15.0%	14.7%	11.9%	11.8%	11.8%	11.8%	12.9%	14.6%	14.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.7	6.3	12.8	9.5	9.5	9.5	1.6	13.6	12.4	13.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	243.3%	63.5%	36.4%	100.8%	29.2%	29.2%	29.2%	53.3%	76.0%	97.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.2	1.6	1.3	0.8	0.6	0.6	0.6	1.9	1.3	0.4

2.5 Municipal manager's quality certificate

I _____, Municipal Manager of Joe Gqabi District Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature

_____
ZA Williams
Municipal Manager
Joe Gqabi District Municipality (DC14)

Date: _____